



March 2018,

Re: Construction defect litigation repairs, electricity metering and EV charging updates

Dear Homeowner,

The EVO Homeowners Association has exciting news to share. Per letter from Evo legal counsel, Lisa Tashjian at the end of 2017, the Board of Directors has successfully settled a more-than-four-year old litigation with the developer over construction defects. With the settlement behind us, we are now planning repairs. The intent of this letter is to let you know the expected next steps regarding repairs, as well as provide information about additional projects. This letter covers the following topics;

- **Litigation Repairs**
 1. Replacement of Plumbing Fitting
 2. Replacement of all Pressure Balancing Units
 3. Electrical Sub-Metering System Replacement
 4. Parking Garage Waterproofing
 5. Replacement of any Defective Shower Pans
 6. Performing Various Mechanical/Plumbing and Miscellaneous Repairs
- **Additional Projects**
 1. Lobby Remodel
 2. EV Charger Infrastructure & Special Assessment
 3. Angle Stops

LITIGATION RELATED REPAIRS

During the last few weeks, Evo Board of Directors, Management and the Maintenance Team have been prioritizing repairs related to the litigation. While our team has been involved with these issues on an ongoing basis, we believe it is important to provide you detailed information so you can better understand the decisions related to the first repair phase, and the impact on residents. These repairs are critical in order to maintain the integrity of the building and of course resolve the many problems that resulted from the defects. While there will be some inconvenience involved, be assured that we are doing everything possible to minimize disruption and any impact on residents. We will be carefully rolling out the repairs in coordination with our contractors, who will provide a liaison to assist residents during this process.

1. Replacement of Plumbing Fittings

This project involves the main water supply coming from the city for both hot and cold water throughout Evo. More specifically, it affects the cold water supply for floors 13 and below, and both cold and hot water for floors 14 and above. The pipe is located at the south end of parking level P1, and rises up to the roof level providing hot and cold water to all residential units. The original fitting or connections between sections of pipe were fabricated with different types of incompatible metal, creating a corrosion issue inside the pipe. The corrosive condition inside the pipe creates debris which can negatively impact other parts of the plumbing. Replacement of sections of the

Evo Homeowners Association

Professionally Managed by Action Property Management, Inc.

1155 S. Grand Avenue, Los Angeles, CA, 90015

Phone: (213) 741-2700 Fax: (213) 741-2118

www.evohoa.com

pipe and fittings is required to resolve the situation. The pipe was originally installed through common areas and residential units, making the replacement a difficult task. As you may have already noticed, our team has already initiated removal of drywall to proceed with necessary investigation before the beginning of the replacement. During the next few weeks, you will receive a schedule of expected work, unit access and most importantly water shut-off notices. Since sections of the pipe and fittings are only accessible from residential units, access to approximately 20 units will be required, including wall openings. We will be in contact with individual residents who are impacted. The replacement of the pipe and fittings will require two+ weeks and daily “full building” water shut off will be required. The team will work M-F from 9:00 a.m. to 5:00 p.m. During full building water shut off, we are planning to provide restroom arrangements.

2. Replacement of all Pressure Balancing Units

As you may have experienced, water temperature and pressure fluctuates in some units. Some residents have experienced situations when only hot water or cold water are available. During the course of the litigation, the team of experts has determined that a faulty type of pressure balancing unit (PBU) from Kohler is responsible for incorrect mixing between cold and hot water. Kohler has now developed a new PBU that we have been able to test at EVO to successfully resolve the issue. We are planning to replace PBUs in all units and consequently access to all units will be required. It takes approximately one hour to replace one PBU. This will occur *after* the fitting replacement project to avoid residues in the piping system negatively impacting the new PBUs. Water shut-off may also be required for this project. When possible, our team will try to only shut-off water unit stacks (ex.: units ending with 03) instead of the entire building. While it won't be possible in all instances, all possible attempts will be made to avoid concurrent/building-wide water shut-off of all units for this project.

3. Electrical Sub-Metering System Replacement

Because the original electrical metering system failed at EVO few years ago all owners have been charged based on unit size. This calculation method was selected as a temporary option until the litigation was resolved to cover this expensive replacement of equipment. The new system will now enable management to charge unit owners based on actual energy consumption. The Board of Directors has already reviewed proposals from vendors and selected a quote from Siemens, which has been onsite to collect all remaining information to perform the installation. This project is not related to other repairs and we are scheduling with Siemens separately. Expected timing of the installation is the second quarter of 2018. During the installation, interruption of electricity is expected on all residential floors for approximately six to eight hours.

4. Parking Garage Waterproofing

Water intrusion is impacting most levels of the parking garage. Water is predominately leaking into the parking garage through the walls, not the ceiling. The original contractor did not install the necessary waterproofing membrane which is causing leaks and corrosion. Our team has reviewed repair methods with our contractors, and they have determined that additional information is needed to complete the required scope of work. In order to perform the scope of work, our team is currently selecting a Forensic Engineer. At this point, the exact timeframe of the project is unknown but is expected to occur in the third and fourth quarters of 2018. This project should have minimal impact on residents. Some parking restrictions may be necessary and the Association will work with residents to accommodate their needs.

5. Replacement of any Defective Shower Pans

During the litigation our team of Experts performed testing and determined that some stand-alone shower pans were not installed properly. Since not all units have been inspected, the first step will be a review of all stand-alone showers. During the next few weeks, our team will coordinate necessary inspection and unit access will be necessary.

Evo Homeowners Association

Professionally Managed by Action Property Management, Inc.

1155 S. Grand Avenue, Los Angeles, CA, 90015

Phone: (213) 741-2700 Fax: (213) 741-2118

www.evohoa.com

6. Performing Various Mechanical/Plumbing and Miscellaneous Repairs

Other repairs related to the litigation will be necessary. While we are planning to focus on the highest priority projects described above over the next few months, additional repairs may occur about which you will receive an update. The Board has interviewed three Contractors specializing in reconstruction for high rise buildings. We originally planned to hire one Contractor to perform all necessary repairs. However, because each Company is equally competent with similar experience, we decided to test each Contractor with a specific project to decide which Company will be best for the remainder of repairs. Our plan is to work with different Contractors on fitting replacement, pressure balancing unit replacement and parking garage waterproofing. Subsequently, the Board will select a Contractor for all other projects. At that time we'll be able to determine the total cost of all repairs. Cost is obviously important, and the priority will first be the completion of described projects during the first part of this year.

ADDITIONAL PROJECTS (unrelated to the litigation)

1. Lobby Remodel

While unrelated to the litigation, we are remodeling the lobby to make it more welcoming, user-friendly and, as other newer buildings open in the neighborhood, ensure that we maintain EVO's comparable property value and position as a premiere property in South Park. The Design Committee has completed selection of almost all of the items for the remodel and most new pieces of furniture and lighting have been ordered (but not yet received). The group is currently finalizing selection of an art panel for the wall behind the front desk (facing the lobby). If you are not familiar with the lobby remodel project, we are undertaking a minor remodel with new furniture, lighting, wall color/paper and replacement of the current lighted panel behind the front desk and covering the elevator area. Current flooring, front desk and all wood panels will remain. The remodel will be funded by an excess of revenues over expenses from the year 2016. The excess was just over \$81,000. When the final selection of art panel is complete, the Designer will provide a rendering for residents to review. We are hoping to complete the project before the summer.

2. EV Charger Infrastructure & Special Assessment

Over the past few years, the installation of EV charger has been a frequent topic of discussion. Our current electrical capability does not permit installation of individual charging stations. After conducting a resident survey the Board determined that there is sufficient resident demand and, as with the lobby upgrade, believe it essential to offer this amenity to stay competitive with other, newer buildings in the neighborhood which offer the capability. This installation will increase our property value, and ensure that potential buyers won't be deterred by the lack of EV capability in the future. The Board has reviewed proposals from different suppliers and recently selected *Sustainable Solutions* to install the required infrastructure. The upgrade will permit the installation of approximately 200 individual parking stations. Please note that residents interested in a charging station will be responsible of the cost of installing a station at their space. As a reminder, each request requires a HOA architectural application.

The total cost of upgrading our power capability is approximately \$200,000, but after an, \$80,000 rebate from the DWP for the first 20 installed stations, the net cost to the Association will comes down to \$64,523, with a one-time cost of \$175 per unit. The breakdown is as follows:

Total cost	\$198,824
Rebate.....	(\$80,000)
To be recovered from resident installations.....	(\$64,523) 20 stations @ \$3,226.00
Net Cost	\$54,319 or \$175/unit

A \$175/unit special assessment is required and will be posted on your June statement. Per [Civ. Code §5605\(b\)](#), Boards are allowed to special assess the membership up to 5% of the current [fiscal year's budgeted gross](#)

[expenses](#) without membership approval regardless of any limitations that might be found in the governing documents. Five percent of EVO's total budget (\$3,483,900) is \$174,355; this project (\$54,319) represents just 1.5% of the total budget.

If you are interested in one of the 20 first charging stations at a cost of \$3,226 please contact management before April 16th, 2018.

3. Recommended Angle Stop Replacement

If you are not familiar, an **angle stop** is the shut-off valve found under every kitchen and bathroom's sink, toilet, etc. We have included below picture of an angle stop. Basic angle stops are commonly installed models during original constructions, but they do not necessarily function well over a long period of time. Angle stops in units at Evo are the same type of basic commonly installed model. Based on the number of bathrooms, residential units at Evo have multiple angle stops. Since the building is now 10+ years old, we recommend that homeowners consider replacing existing angle stops with a higher quality model to ensure that the water can be completely shut off when necessary. Not doing so may result in leaks and/or flooding issues. The replacement cost is usually approximately \$70-\$80 per angle stop, however, Evo's preferred Plumbing Company, **R&R Plumbing** is offering a discounted group price of \$53.95 per angle stop. Since a water shut off is necessary to replace angle stops we are suggesting that homeowners undertake this upgrade during upcoming water shut offs related to the projects noted above. If you can replace during a scheduled HOA water shut off, you will be able to avoid the \$500.00 HOA water shut off fee. If you are interested, please contact the management office.



We hope that this information helps you understand our plans. If you have any questions, please feel free to contact me at lsasseville@actionlife.com or at (213) 741-2700 or attend a Board meeting. We will continue to provide updates/additional information as it becomes available.

Sincerely,
For the Board of Directors

Luc Sasseville
General Manager